

ITEM:**EXPENDITURE ON STAFF SALARIES, WAGES, ALLOWANCES AND BENEFITS****REPORT BY THE CHIEF FINANCIAL OFFICER****PURPOSE OF THE REPORT**

The purpose is to report on expenditure on staff benefits as required by the Municipal Finance Management Act.

STATUTORY/ LEGAL REQUIREMENT

Section 66 of the Municipal Finance Management Act reads as follows:

“Accounting Officer of a municipality must in a format and as it may be prescribed, report to Council on all expenditure incurred by the municipality on staff salaries, wages and allowances and benefits, and in a manner that discloses such expenditure per type of expenditure.”

BACKGROUND, EXPOSITION, FACTS AND PROPOSAL

The report is based on a baseline of 50% (06 months). The actual and budgeted figures on staff benefits for the period ending 31 December 2009 are as follows:

DESCRIPTION	08/09 ACTUAL 31.12.08	09/10 BUDGET	09/10 ACTUAL 31.12.09	BASE LINE	% SPENT
Salaries and Wages	9 507 334	26 506 459	10 816 863	50%	41%
Council Contribution : Pension	1 603 284	4 847 418	1 786 373	50%	37%
Medical Aid	567 743	1 682 120	644 721	50%	38%
Provident Fund	74 233	257 249	92 442	50%	36%
UIF	68 246	182 749	71 388	50%	39%
Statutory contributions	109 034	599 967	130 307	50%	22%
Provision for leave	558 853	1 075 000	512 693	50%	48%
Protective clothing	0	30 025	24 820	50%	83%
Continued members	157 049	358 700	192 207	50%	54%
Allowances : Housing Subsidy	134 377	360 899	109 314	50%	30%
Travel	1 312 733	3 953 702	1 657 989	50%	42%
Cell phone	29 255	377 334	113 413	50%	30%
Overtime Payments	69 098	116 014	69 081	50%	60%
Provision for Performance bonus	0	442 987	0	25%	0%

AN EXPLANATION ON THE EXPENDITURE VARYING BY MORE THAN 10% IS AS FOLLOWS:

Salaries, pension, medical aid, provident fund, UIF and travel allowance

The under-spending is due to vacancies that exist in various departments. The following vacancies exist:

Municipal Manager	2posts: Municipal Manager Head: IDP
Executive Mayor's Office	1post: Section 57 Manager
Social Development and Community Services	2 posts: Section 57 Manager Air Quality Officer
Corporate Support & Shared Services	4 posts: Divisional Manager HR HRD Officer Gardener/Cleaner (MDC) Gardener/ Cleaner (LDC)

Statutory contribution

The under expenditure on statutory contributions is due to the Workmens' Compensation that is paid only once towards year end.

Protective clothing

The protective clothing for the full year was procured for the abattoir during the second quarter.

Continued members

M r Fick from Health Department went on pension in July 2009 and his pension was not budgeted for as we were not aware of the intention to retire. The shortfall will be funded from his salary saving.

Cell-phone allowances

Some employees are still in process of transferring accounts from Waterberg District Municipality to their own names. The vacancies mentioned above also affects the cell phone allowance.

Overtime

An amount of R27 940 was claimed from Municipal Health department even though there was no budget in the current financial year. This claim relates to overtime worked in June 2009 based on the 08/09 salaries before the annual increase and the 08/09 salaries were still below the overtime notch and thus had to be paid out. The large number of hours worked was due to the cholera outbreak. The shortfall in overtime budget will be funded from savings on vacant positions in Health Department.

Provision for Performance bonus

Performance bonuses will only be paid after recommendations by the evaluation panel and approval by Council.

STAFF IMPLICATION

None

OTHER PARTIES CONSULTED

Divisional Managers: Budget and Treasury Office

AUTHORITY

Municipal Finance Management Act, No 56 of 2003

RECOMMENDATION

1. That the report by the Chief Financial Officer regarding expenditure on staff salaries, wages, allowances and benefits as at 31 December 2009 as contained in the agenda, be noted.